

Po Valley Energy Limited

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Po Valley Energy secures 2nd gas offtake deal in Italy, taking initial sales to A\$150 mln

Po Valley Energy Ltd said it has secured an offtake deal for the remainder of the expected production from the Castello And Sillaro Gas fields in northern Italy, delivering Po Valley initial forward sales of around A\$150 million over the next three years.

The latest deal with Italian gas trading and distribution group, Elettrogas, to buy 50 percent of the initial output from the fields follows the deal with Italt trading SpA, announced in January 2009, to take 50 percent of the output up to September 2012, for A\$75 million.

Elettrogas, and also its parent SoEnergy, own retail gas and electricity distribution networks to over 40 towns in northern and central Italy, so the gas will be distributed through local retail companies directly to Italian consumers, Po Valley said in a statement.

Both Castello and Sillaro will be progressively commissioned from July this year, representing Po Valley's first commercial revenue stream from its expanding energy assets in northern Italy.

Castello, near Milan, has an estimated economic reserve life of around 10-12 years while the production profile for Sillaro, near Bologna, extends between 15- 20 years on known reserves. Po Valley holds nine preliminary exploration licences in northern Italy in addition to 20-year production concessions awarded late last year for Castello and Sillaro.

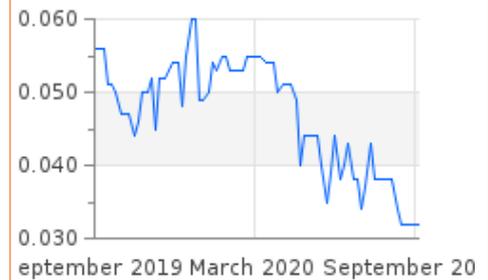
Castello has proven and probable gas reserves of 6.3 billion cubic feet and is expected to have an initial production rate of 2.7 million cubic feet a day when it comes online around July 2009.

The Sillaro field has proven and probable gas reserves of 14 bcf, and is expected to have an initial offtake rate of 3.8 million cubic feet per day when it begins production in September/October 2009, the company added.

Price: 0.032

Market Cap: \$20.71 m

1 Year Share Price Graph



Share Information

Code: PVE

Listing: ASX

| | | |
|----------------|-------------|--------------|
| 52 week | High | Low |
| | 0.06 | 0.032 |

Sector: Oil & Gas

Website: www.povalley.com

Company Synopsis:

Po Valley Energy Ltd (ASX:PVE) is an emerging oil & gas exploration and development company with an expanding portfolio of hydrocarbon assets in northern Italy.

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